

Message Text

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ACTION EUR-12

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PASS COMMERCE AND TREASURY

E.O. 11652: N/A
TAGS: EIND, EINV, OECD
SUBJECT: INDUSTRY COMMITTEE WORKING PARTY I ON
MULTINATIONAL ENTERPRISES: MEETING, FEBRUARY
27-28, 1978

REF: (A) IND/WP1BA(78)L, (B) DSTI/IND1(78.1 PLUS
ANNEXES

1. SUMMARY. MAIN AGENDA ITEMS (REF A) INCLUDED (A)
CONTROVERSIAL REPORT ON "PENETRATION BY MNES AND
INDUSTRIAL CONCENTRATION" AND (B) FUTURE STATUS OF
WORKING PARTY I. DISPOSITION OF BOTH ITEMS TO BE
LEFT TO FULL INDUSTRY COMMITTEE. END SUMMARY.

2. REPORT ON PENETRATION BY MNES AND INDUSTRIAL
CONCENTRATION: IN DISCUSSING REPORT (REF B), A
NUMBER OF DELEGATIONS QUESTIONED MINOR TECHNICAL
SHORTCOMINGS BUT IN GENERAL FAVORED DERESTRICTING
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REPORT AND MAKING IT AVAILABLE TO PUBLIC. THIS
WAS PARTICULARLY TRUE OF NORDIC DELEGATIONS, UK,
GERMANY, AUSTRIA AND FRANCE. IN MAJOR INTERVENTION
US DELEGATE (ARRILL) STRONGLY OPPOSED DERESTRICTION,
POINTING OUT THAT REPORT WAS BASED ON FAULTY AND
INADEQUATE DATA, SUFFERED FROM METHODOLOGICAL SHORT-
COMINGS, WHICH COULD LEAD CASUAL READER TO INVALID

AND INACCURATE CONCLUSIONS. U.S. POSITION WAS SUPPORTED BY CANADA AND SWITZERLAND. UK, SWEDEN AND AUSTRIA FELT US CRITICISMS COULD BE MET BY QUALIFIERS IN PREFACE. US DEL EXPRESSED WILLINGNESS TO CONSIDER QUALIFYING LANGUAGE BUT MAINTAINED THAT BASIC CRITICISMS MADE ABOVE STILL VALID, THAT OECD DOCUMENT ON THIS SENSITIVE SUBJECT HAD POLITICAL OVERTONES UNFAVORABLE TO US MNES AND WOULD BE SO CONSTRUED BY PUBLIC, AND THAT BASIC WEAKNESS OF DOCUMENT COULD NOT BE PAPERED OVER BY SHORT FOREWORD. HE REITERATED VIEW THAT DERESTRICTION WOULD BE UNWISE.

3. SINCE BASIC DIFFERENCES WERE NOT NARROWED BY FURTHER DISCUSSION, WP AGREED THAT SECRETARIAT WOULD REVISE REPORT AND SEND IT TO DELEGATIONS FOR APPROVAL, DISAPPROVAL OR COMMENT. COUNTRIES WOULD ALSO BE ASKED IF THEY FAVOR DERESTRICTION OR NOT AND INDUSTRY COMMITTEE WOULD MAKE FINAL DECISION AT ITS JUNE 1978 MEETING. EXPECTATION IS FOR LESS THAN UNANIMOUS RECOMMENDATION FOR DERESTRICTION.

4. FUTURE OF WORKING PARTY I: DISCUSSION OF THIS AGENDA ITEM LED TO MAJOR WRANGLING. WHILE MOST DELEGATIONS AGREED THAT WPI HAD DISCHARGED BASIC RESPONSIBILITIES CONTAINED IN ORIGINAL MANDATE AND LIMITED OFFICIAL USE

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FEW HAD NEW PROPOSALS TO OFFER TO JUSTIFY CONTINUATION, A NUMBER OF DELEGATIONS (NORDICS, UK, GERMANY AND FRANCE) WERE RELUCTANT TO DISBAND GROUP. BELGIANS, US, CANADA AND SWITZERLAND SUGGESTED LETTING WP LIE DORMANT FOR YEAR. GERMAN CHAIRMAN (BUECHNER-SCHOEPF) POINTED OUT THAT UNLESS WP COULD PRESENT REASONABLE WORK PROGRAM, INDUSTRY COMMITTEE MIGHT NOT AGREE TO RENEW MANDATE. BUECHNER-SCHOEPF PRODUCED LETTER FROM VON DEWITZ, LIKELY NEW CHAIRMAN OF COMMITTEE ON INTERNATIONAL INVESTMENT AND MULTINATIONAL ENTERPRISES (CIME), SUGGESTING POSSIBILITY OF STUDY ON WORLD-WIDE INTERNATIONAL INVESTMENT FLOWS. A NUMBER OF DELEGATIONS FAVORED HAVING WPI INDICATE ITS WILLINGNESS TO CONSIDER FEASIBILITY OF SUCH STUDY

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IF INVITED TO DO SO BY CIME. SWEDES SUGGESTED
FURTHER THAT WPI UNDERTAKE SURVEY OF HOW MNES WERE
IMPLEMENTING INFORMATION SECTION OF OECD MNE GUIDE-
LINES. FRENCH WANTED TO CONTINUE STUDY PENETRATION
PROBLEM. SUPPORT FOR THESE AND OTHER STUDY PROPOSALS
BY DELEGATIONS LED TO MUSHROOMING OF SUGGESTIONS FOR
AD HOC WORK PROGRAM. IN COMMENTING ON SOME OF THESE
PROPOSALS HACKETT (SECRETARIAT) NOTED THAT SWEDISH
PROPOSAL WAS A CIME CONCERN AND BELONGED WITH THAT
COMMITTEE. HE INDICATED THAT AS FAR AS HE WAS AWARE
CIME HAD NO STUDIES IT WISHED WPI TO UNDERTAKE. HE
MENTIONED THAT CIME WILL NOT DISCUSS POSSIBLE ACTION
ON HARMONIZATION OF ACCOUNTING STANDARDS
UNTIL ITS APRIL MEETING SO THAT FUTURE WORK PROGRAM
ON THIS ISSUE YET TO BE DETERMINED.

5. US DELEGATE OBJECTED TO ATTEMPT TO GENERATE AD
HOC STUDY PROPOSALS TO JUSTIFY CONTINUANCE OF WPI
WITHOUT FULL AND CAREFUL CONSULTATION AND AGREEMENT
OF ENTIRE WP. HE SAID WP IN ITS REPORT TO INDUSTRY
COMMITTEE SHOULD ADMIT IT HAS NO NEW PROGRAMS TO
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PROPOSE, SHOULD COMPLETE UNFINISHED BUSINESS STILL
OUTSTANDING AND "GO DORMANT" FOR ONE YEAR.

6. IN FINAL COMPROMISE CHAIRMAN ASKED SECRETARIAT
TO PREPARE REPORT ON BEHALF OF WPI TO THE INDUSTRY

COMMITTEE WHICH WOULD INDICATE THAT WP WOULD COMPLETE OUTSTANDING BUSINESS, I.E., REVISE REPORT ON PENETRATION, UPDATE STATUS OF ADOPTION IN 1976 OF THE 14 ITEMS OF HARMONIZED STATISTICS). IN REPORT, WP WOULD REQUEST MANDATE FOR ONE YEAR AND PROPOSE TO HOLD ONE MEETING NEXT YEAR IN JAN. 1979. IN ADDITION, REPORT WOULD MENTION THAT CERTAIN DELEGATIONS HAD OTHER STUDY SUGGESTIONS WHICH WERE NOT NECESSARILY ACCEPTED BY ALL MEMBERS OF THE WP. SECRETARIAT EXPECTS TO SEND OUT THIS REPORT FOR APPROVAL BY DELEGATIONS IN 10 DAYS. IT IS HOPED REPORT CAN BE CONSIDERED BY INDUSTRY COMMITTEE AT ITS APRIL 4-6 MEETING.

7. OTHER BUSINESS: REPORT ON AGENDA ITEM SEVEN ON "RECOMMENDATION OF THE COUNCIL RELATING TO IMPROVEMENT OF INFORMATION ON THE ACTIVITY OF MULTINATIONAL ENTERPRISES" (C(76)43) WILL BE PREPARED BY SECRETARIAT BY NOV. 1978 ON BASIS OF REPLIES FROM GOVERNMENTS TO BE POLLED IN NEXT FEW MONTHS. EXPECTATION IS TO INFORM CIME AND OECD COUNCIL OF RESULTS BY END OF YEAR.

8. CHAIRMAN, IN ADJOURNING MEETING, SAID WP WOULD MEET AGAIN IN JAN. 1979 IF INDUSTRY COMMITTEE APPROVED EXTENSION OF MANDATE FOR ONE YEAR.

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